

### **REMARKS**

Based on the foregoing amendments and following remarks, reconsideration and allowance of the application in respectfully requested.

This response cancels claims 24, 27-28, 32-46, and 53-66 without prejudice or disclaimer, and amends claims 2-3, 14-21, 25-26, 29, 38 and 47. After entry of this amendment, claims 2-3, 14-21, 25-26, 29, 38 and 47-52 remain pending. No new subject matter has been added.

#### **I. Summary of Applicant's Invention**

Applicant's invention is a computer system and method for providing producer purchasing incentives over the Internet for products that are sold through brick-and-mortar retail outlets in established geographic sales territories, e.g., franchises, independent dealerships, etc. As explained below in greater detail, the simplicity of Applicant's invention belies its significance. Applicant's invention overcomes a major problem with using the Internet to promote products sold through territorial distribution networks. Further, as evidenced by the 1.132 Declarations submitted on 12/17/02, Applicant's invention has had a dramatic impact on the recreational boating industry, which sells products through such distribution networks.

The problem solved by Applicant's invention is that producers in territorial distribution networks cannot typically provide global, unrestricted incentives (e.g., discounts) without upsetting existing retail distribution agreements. These distribution agreements usually grant exclusive regional sales rights to retailers in exchange for their commitment to market and promote licensed products within their respective territories. If, for example, a producer were to provide an unrestricted discount to a buyer over the Internet, the buyer could take the discount and redeem it at any retailer, including one located outside the territory

where the buyer resides. If this were done, the producer could violate its distribution agreements and could also be perceived as allowing some retailers to free ride on the time, money and effort that other retailers have put into marketing within their own territories. Thus, the producer could be perceived as injuring the retailer that is losing sales to other retailers in the distribution network.

The net result of this problem was that until Applicant's invention, producers in territorial distribution systems were constrained from promoting products over the Internet using the most effective buying incentive at their disposal: specific cash discounts for their products.

To solve this problem, Applicant invented a website that offers electronic producer vouchers that are redeemable only by retailers having distribution rights covering a buyer's location. The website works as follows. A buyer can enter the website to view producer and product information. The buyer then selects a product of interest and enters his/her location, e.g., zip code. Based on the buyer location and product selection, a software program on the website automatically selects the reseller having territorial coverage of the buyer's location. The program presents the location of the reseller and downloads to the buyer the electronic voucher corresponding to the selected product, for redemption only at the selected reseller. The voucher can indicate the name and location of the reseller, a discount, and an expiration date.

An important feature of Applicant's website is that it automatically selects the local reseller. The buyer does not choose the reseller. Applicant's system does it for him/her. This automatic reseller selection is what allows a website to successfully operate in territorial distribution systems without disturbing preexisting distribution agreements. This feature, its

importance and its impact on online promotions is entirely absent from the teachings of the prior art.

Another important feature of the invention is that it gives the reseller's location to the buyer. This is a significant advantage, particularly in distribution systems where a reseller's territory is relatively large (e.g., an entire state), and a buyer, especially a first time buyer, is unfamiliar with the reseller and its locale.

As tribute to the importance of Applicant's invention, it has been widely copied and licensed throughout the U.S. recreational boating industry, as evidenced by the 12/17/02 declarations on record. In addition, the invention has enjoyed remarkable commercial success, as evidenced by its dramatic impact on the market share of the world's largest recreational boat manufacturer, Genmar, Inc. and licensing revenue (See Duchow, Sullivan and Sargent Declarations).

## **II. Cited Prior Art References**

The problem addressed by Applicant's invention and its solution are entirely absent from the teachings of the cited references of U.S. Patent No. 6,185,541 (Scroggie), U.S. Patent No. 6,259,405 (Stewart) and U.S. Patent No. 5,991,739 (Cupps).

### **A. The Scroggie Reference**

In stark contrast to Applicant's invention, Scroggie discloses an online purchase incentive system for use with supermarkets and grocery stores. Scroggie entirely fails to disclose exclusive retailers, such as franchises or dealerships, much less an online system for use with such retailers. Unlike Applicant's exclusive distribution system, supermarkets and grocery stores are large general stores, each selling a multitude of different products and brands. Product-type exclusivity is not common among this type of retailer. Thus, a product

or brand sold at one supermarket is very likely to be available next door, at a neighboring supermarket. Under the system taught by Scroggie, a buyer-selected product is typically available at multiple local retailers. Therefore, Scroggie does not address or even mention the problem solved by Applicant's invention.

Further, Scroggie teaches away from the important feature of Applicant's invention, namely, the automatic selection of a reseller. Contrary to Applicant's system, Scroggie requires the buyer to designate the supermarket at which the purchasing incentive can be exercised. (See Scroggie, Abstract; col. 1, lines 50-65; col. 2, lines 1-3, lines 10-12, lines 41-42; col. 4, lines 12-14; col. 8, lines 57-58; and col. 9, lines 66-col. 10, line 1; col. 12, lines 1-9). This is the antithesis of Applicant's invention.

Therefore, Scroggie not only fails to teach retailer selection based on buyer product selection, but also teaches away and entirely fails to provide any motivation or incentive for selecting a retailer based on the buyer's product selection because it is a system mandating buyer selection of general retailers, i.e., supermarkets, not dealerships or specialty stores.

#### B. The Stewart Reference

Stewart discloses a wireless computer network for communicating services information to mobile users. Unlike Applicant's system, Stewart's system gets buyer locations from wireless access points (APs), instead of from the buyers themselves. When a buyer enters an area near an AP, Stewart's system downloads information regarding local services, such as hotels, restaurants, car rental agencies, etc. In contrast to Applicant's invention, Stewart has nothing to do with hierarchical distribution networks that include producers, resellers, and assigned distribution territories. Nor does it mention any of the problems confronted and solved by Applicant's invention.

C. The Cupps Reference

Cupps discloses an online restaurant take out/delivery order system. In Cupps, there are no “producers” that distribute goods/services through “resellers”. Cupps does not teach or suggest a hierarchical distribution system having producers and resellers, such as that contemplated by Applicant’s invention. Instead, Cupps teaches only restaurants in a flat distribution system, which restaurants sell only what they produce. The restaurant menus cited by the Examiner list meals provided by retailers, not products offered by manufacturers and producers.

**III. Response to Rejections Under 35 U.S.C. § 103**

Independent claims 2, 3, 14, 15, and 38, as well as their respective dependant claims, stand rejected as being obvious under Section 103 in view of the combination of U.S. Patent No. 6,185,541 (Scroggie) and U.S. Patent No. 6,259,405 (Stewart); and independent claims 4, 12, 16, 21 and 47, and their respective dependant claims, stand rejected as being obvious under Section 103 in view of the combination of Scroggie, Stewart and U.S. Patent No. 5,991,739 (Cupps).

Applicant respectfully traverses the Section 103 rejections and requests reconsideration of the patentability of the invention because: 1) Applicant’s evidence of secondary considerations is, by itself, sufficient to establish nonobviousness, 2) Scroggie is not properly combinable with Stewart under Section 103, 3) the cited references fail to teach all of the claimed features, 4) both Scroggie and Cupps teach away from the claimed invention, and 5) the Examiner is engaging in impermissible hindsight reconstruction of the prior art to improperly sustain the obviousness rejections.

A. Applicant's Evidence of Secondary Considerations  
Overcomes The Obviousness Rejections

At the outset, Applicant notes that the 9/9/03 Office Action failed to make any consideration of the rebuttal evidence submitted on 12/17/02. This is improper, particularly in view of the new grounds of rejection under Section 103.

An obviousness rejection under §103 should rest on all the evidence<sup>1</sup> and should not be influenced by any earlier conclusion. *See, e.g., In re Piasecki*, 745 F.2d 1468 (Fed. Cir. 1984). In making out the 9/9/03 Section 103 rejections, the Examiner was required to give consideration to Applicant's rebuttal evidence of secondary considerations, yet did not do so. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530 (Fed. Cir. 1983) (Evidence of secondary considerations must always be considered in any obviousness determination). As the Examiner is aware, "secondary considerations" include factors such as commercial success, copying by others, licensing, and industry acceptance. *Graham v. John Deere Co.*, 383 U.S. 1 (1966). With respect to evidence of commercial success, the Supreme Court has specifically noted that "commercial success is an indication of nonobviousness that *must* be considered in a patentability analysis". *Graham* at 17 (emphasis added).

Applicant has submitted strong evidence of nonobviousness supported by secondary considerations (*See* Response To Office Action Dated October 10, 2002, Paper No. 10 at pp. 8-11; Declarations of M. Duchow, B. Sargent, G. Sullivan). Even though Applicant does not believe that the Examiner has established a *prima facie* case of obviousness, Applicant has submitted this evidence to further demonstrate the nonobviousness of his invention. As

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<sup>1</sup> Obviousness under 103 is a legal conclusion that requires a factual inquiry into the (1) the scope and content of the prior art, (2) the level of ordinary skill in the art, (3) the differences between the claimed invention as a whole and the prior art, and (4) any objective evidence of secondary considerations of non-obviousness, such as commercial success, copying, licensing, adoption by industry, long felt need, or failure of others. *Graham v. John Deere Co.*, 383 U.S. 1 (1966). In making out a *prima facie* finding of obviousness, the Examiner must consider all facts in the four categories listed above. *Id.*

discussed in Applicant's prior Response (Paper No. 10 at pp. 8-11), the Declarations in the record provide substantial evidence of copying, commercial success, licensing, and industry acceptance of the claimed invention. Applicant respectfully requests that the Examiner carefully consider the Declarations and Applicant's prior arguments (Paper No. 10) in conjunction with the claimed invention as a whole, when reconsidering the 103 rejections. When given its proper weight, Applicant's evidence solidly rebuts the current rejections under Section 103, and thus, all of the pending claims in the application are allowable over the cited references under 35 USC 103.

B. Scroggie is not properly combinable with Stewart under Section 103

References are not properly combinable or modifiable if their intended function or purpose is destroyed. See, e.g., *In re Gordon*, 733 F.2d 900 (Fed. Cir. 1984). It is well established in law that if a cited prior art reference requires some modification in order to meet the claimed invention and such modification destroys the purpose, intent or function of the system disclosed in the reference, one of ordinary skill in the art would not have found a reason to make the proposed modification, and a prima facie case of obviousness cannot be properly made. *Id.*

Each of the 103 rejections is based on the proposed combination of Scroggie and Stewart. Combining Stewart with Scroggie would destroy the purpose and function of Scroggie's system. Thus, this combination of reference is improper under Section 103.

Scroggie discloses an online purchase incentive system for use with supermarkets and grocery stores. Contrary to Applicant's system, Scroggie requires the buyer to designate the supermarket at which purchasing incentives can be exercised. (See Scroggie, Abstract; col. 1, lines 50-65; col. 2, lines 1-3, 10-12, 41-42, 65-67; col. 3, lines 9-13, 40-42; col. 4, lines 12-14; col. 8, lines 57-58; and col. 9, lines 66-col. 10, line 1; col. 12, lines 1-9). In fact, buyer

selection of a specific retailer is an important, essential function of Scroggie's system (See Scroggie Col. 1, l. 47-49). Scroggie discloses at least two reasons why buyer selection is a critical function of his system: 1) it allows the buyer to plan his/her shopping more efficiently (col. 2, lines 5-7) and 2) it allows the buyer to select incentives offered directly by the retailer, rather than just those offered by the manufacturer (col. 2, lines 45-51; col. 8, lines 45-62). Regarding the latter feature, a buyer must select the retailer in order to view the purchasing incentives offered by the retailer. This gives the buyer the opportunity to view and compare offers from various retailers, prior to making a final shopping selection. Thus, in Scroggie, buyer selection of the retailer is an important function that serves the purposes of Scroggie's system, and it cannot be disregarded.

In the Office Action, the Examiner acknowledges that Scroggie alone does not teach an online system that automatically selects a reseller based on buyer location and product selection, as claimed by Applicant. To arrive at Applicant's invention, the Examiner proposes that Scroggie's system be combined with the automated reseller selection of Stewart. This modification would totally destroy Scroggie's intended function of buyer selection of a reseller. Moreover, it would defeat the very purposes of Scroggie, namely, efficient shopping planning (if Scroggie automatically selected a retailer, the buyer wouldn't know where he/she was going shopping until after his/her grocery list was complete, and further, the modified Scroggie system could select more than one retailer!) and buyer comparison of retailer purchasing incentives prior to final selection of the retailer. Therefore, under established law, the proposed combination of Scroggie and Stewart is not proper, and all of the pending claims in the application are patentable under 35 U.S.C. 103 over any combination of references including Scroggie and Stewart.



C. Scroggie Teaches Away from the Claimed Invention

A prior art reference is said to teach away when a person of ordinary skill, upon reading the reference, would be led in a direction different than that of the claimed invention. *In re* Gurley, 27 F.3d 551 (Fed. Cir. 1994). A reference that teaches away cannot be properly relied upon to support an obviousness rejection under 103. *Id.*

As discussed above, Scroggie discloses an electronic voucher system that *requires* the buyer to manually select the reseller. This is a critical feature of Scroggie's system. Unlike Applicant's invention, Scroggie's system does not include, contemplate or suggest software that automatically selects resellers at which the incentive can be redeemed. It is quite the opposite. Scroggie's system requires the buyer to designate a reseller at which the purchasing incentive can be exercised. (See Scroggie, Abst.) In no instance does Scroggie disclose a system or method that automatically selects the reseller, as claimed by Applicant. Instead, Scroggie's teachings resonant with buyer selection of a reseller. Some passages of Scroggie are reproduced below to emphasize this point. Scroggie states:

"Importantly, the incentives are distributed in such a way that they may be redeemed only at a specific retailer selected by each customer." (See Scroggie, Col. 1, lines 47-49, emphasis added).

"For purchasing incentives redeemable at retail stores, the customer must provide identification information and must also designate a retailer (12) at which the purchasing incentive can be exercised." (See Scroggie, Abstract, emphasis added).

"[T]he method of the invention comprises a sequence of steps . . . The steps include . . . receiving incentive offer selection data from the customer . . . the offer selection data including the designation of a retailer at which selected offer or offers may be exercised." (See Scroggie, Col. 1, lines 50-65, emphasis added).

“[T]he incentive may be encoded with the identity of the retailer selected by the customer.” (See Scroggie, Col. 2, lines 1-3, emphasis added).

“The invention may also be defined in terms of a method for distributing purchasing incentives and other shopping aids to customers over a communication network, the method comprising the steps of: (1) registering as a customer by providing at least an individual identification, a postal code, and retail store selection”. (See Scroggie, Col. 3, lines 10-12, emphasis added).

“[R]eceiving a customer designation of a retailer at which the selected incentives are to be exercised”. (See Scroggie, Col. 3, lines 41-42).

“[T]he computer further includes means for transmitting terms of the purchasing incentive directly to the retail store designated by the customer”. (See Scroggie, Col. 4, lines 12-14).

“The user selects a supermarket, as indicated in block 185 . . .” (See Scroggie, Col. 8, lines 57-58).

“When the user enters the final list generation phase, he or she will have to make a selection from a list of supermarkets in the immediate shopping area.” (See Scroggie, Col. 9, line 66 – Col. 10, line 1).

From the passages quoted above, as well as the remainder of Scroggie’s disclosure, it is undeniable that Scroggie is the antithesis of Applicant’s claimed invention. Upon reading Scroggie, one of ordinary skill in the art would not be led to Applicant’s electronic voucher system that automatically selects a reseller. Quite the opposite. One of ordinary skill would be directed to a voucher system that requires the buyer to manually select the reseller. This is entirely opposite to the approach claimed by Applicant. Therefore, Scroggie teaches away from Applicant’s invention and cannot be properly used to support the rejections under 103. For at least this reason, all of the pending claims in the application are patentable under 35 U.S.C. 103 over any combination of references relying on Scroggie.

D. The Cited References Do Not Teach Or Suggest All Claim Limitations

According to MPEP § 2143, for a claim to be obvious, there must be a) a suggestion or motivation to combine reference teachings, b) a reasonable expectation of success, and c) the references must teach all of the claim limitations, *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991). It is well established at law that, for a proper rejection of a claim under 35 U.S.C. §103 as being obvious based upon a combination of references, the cited combination of references must disclose, teach, or suggest, either implicitly or explicitly, all elements/features/steps of the claim at issue. See, e.g., *In re Dow Chemical*, 5 U.S.P.Q.2d 1529, 1531 (Fed. Cir. 1988), and *In re Keller*, 208 U.S.P.Q.2d 871, 881 (C.C.P.A. 1981) (emphasis added).

With respect to the all elements requirement, the references of Scroggie, Stewart and Cupps fail to teach or suggest, either alone or in combination, all of the features recited in the independent claims 4, 12, 16, 21, 38, 47, and their respective dependent claim.

**1. Scroggie, Stewart and Cupps Fail to Teach or Suggest All of the  
Features of Claims 4, 12, 16 and 21**

Claims 4 and 12 recite:

“a means for the structured computer program to access a producer database, display a list of producers from the producer database to the buyer through the website, and receive a producer selection from the buyer;

a means for the structured computer program to access a product database, display a list of products from the product database based on the producer selection to the buyer through the website”

Claims 16 and 21 recite similar claim language.

The above-quoted features are not suggested or taught by Scroggie, Stewart or Cupps, either alone or in combination. Specifically, the references fail to disclose or suggest a producer database, means for displaying a list of producers, and means for displaying a list of products based on buyer selection of a producer. In the Office Action, the Examiner acknowledged that neither Scroggie nor Stewart disclosed these features. However, the Examiner cited Cupps as disclosing these features. Applicant respectfully disagrees. In no instance does Cupps disclose or suggest the above-quoted features.

Cupps discloses an online restaurant take out/delivery order system. In Cupps, there are no “producers” that distribute goods/services through “resellers”. Cupps does not teach or suggest a hierarchical distribution system having producers and resellers, such as that contemplated by Applicant’s invention. Instead, Cupps teaches only restaurants in a flat distribution system, which restaurants sell only what they produce. The restaurant menus cited by the Examiner list meals provided by retailers, not products offered by manufacturers and producers. Thus, Cupps does not teach or suggest the above-quoted features of the claimed invention.

For at least the foregoing reasons, claims 4, 12, 16 and 21, as well as their respective dependant claims, are patentable over the proposed combination of references under Section 103, and Applicant respectfully requests reconsideration and withdrawal of the rejection.

**2. Scroggie and Stewart Fail to Teach or Suggest All of the Features of  
Claim 38**

Claim 38 recites:

“In a distribution system having a plurality of resellers with producer-assigned territories defined by one or more preexisting distribution agreements, a method for providing, over a computer network, electronic vouchers that direct buyers to local resellers so as to conform with the distribution agreements”

“providing a reseller database storing zip code information specifying the producer-assigned territories of the resellers”

“selecting a local reseller having a producer-assigned territory covering the location of the buyer by comparing the buyer zip code to the zip code information stored in the reseller database”

Scroggie and Stewart, either alone or in combination, fail entirely to teach or suggest any of the above-quoted features. Scroggie does not suggest or teach any of these features. In the Office Action, the Examiner stated that Stewart discloses chain stores and outlets, which would suggest franchised resellers having assigned territories. Applicant acknowledges this, but respectfully submits that such a limited teaching by Stewart does not suggest or disclose the features recited above. Among other things, Stewart makes no mention of a “distribution system”, “preexisting distribution agreements,” or a “reseller database ... specifying the producer assigned territories of the resellers.” Thus, for at least the foregoing reasons, claim 38 is patentable over Scroggie and Stewart.

### **3. Scroggie, Stewart and Cupps Fail to Teach or Suggest All of the Features of Claim 47**

Claim 47 recites:

“a producer database for storing a list of producers that offer electronic vouchers through the system . . .

a networked server executing a computer program . . . for accessing the producer database and displaying the list of producers to the buyer over the computer network . . . for receiving a producer selection from the buyer in response to the displayed list of producers”

“a reseller database for storing zip code information specifying producer-assigned territories for a plurality of resellers”

“a networked server executing a computer program . . . for accessing the reseller database and selecting therefrom a reseller by comparing the buyer zip code to the stored zip code information of the resellers and by comparing the goods selection to the goods offered by

the resellers, the selected reseller carrying the goods selected by the buyer and having a producer-assigned territory covering the buyer zip code”

Scroggie, Stewart and Cupps, either alone or in combination, fail entirely to teach or suggest any of the above-quoted features. As discussed above in connection with claims 4, 12, 16, and 21, the proposed combination does not teach or suggest a producer database, displaying a list of producers, or displaying a list of products based of producer selection. Further, in no instance do the references teach or suggest “the reseller database for storing zip code information specifying producer-assigned territories for a plurality of resellers”.

Also, Applicant respectfully submits that Cupps teaches away from claim 47. Specifically, Cupps teaches away from the claimed reseller database of zip code information and in addition, searching the zip code database using the buyer’s zip code. In contrast to claim 47, Cupps’ system searches for retailers using geocodes, which unlike zip codes, specify the latitude and longitude of a location (See Cupps, abst., col. 6, line 18 – col. 8, line 16). More importantly, Cupps wholeheartedly discourages the use of zip codes for searching, citing “unsatisfactory results” caused by the use of zip codes. (See Cupps. Col. 6, lines 24-27). Cupps goes to great lengths to avoid the use of zip codes. In particular, Cupps’ system stores a database of retailer geocodes, and goes through the additional step of converting buyer zip codes to geocodes before searching the database. Accordingly, one of ordinary skill in the art reading Cupps would be led to avoid the use of zip codes, as claimed by Applicant. Therefore, Cupps teaches away from claim 47 and cannot be properly used to support the rejection under 103. For at least this reason, claim 47, as well as its dependant claims, are patentable under 35 U.S.C. 103 over any combination of references relying on Cupps.

E. The Examiner is Engaging in Impermissible Hindsight  
Reconstruction to Improperly sustain the obviousness rejections.

An Examiner may not, because he/she doubts the patentability of an invention, resort to speculation, unfounded assumptions or hindsight reconstruction of prior art references to supply deficiencies in his/her factual basis for rejecting claims as being obvious. *In re Warner*, 379 F.2d 1011 (CCPA 1967). The evidence of obviousness must be adduced from facts contained in the prior art or generally known to those of ordinary skill in the art. *Id.*

In making out the obviousness rejection based on Scroggie, Stewart and Cupps (Office Action, para. 4), the Examiner imposed Applicant's teachings on Cupps to improperly reconstruct Cupps' teachings to include "producers", as that term is used in Applicant's claims. The Examiner has convoluted the meaning of "restaurants" to mean producers, as that term is used by Applicant, while ignoring the fact that Cupps' restaurants would be, at best, retailers and not producers under both Cupps' teachings and Applicant's scheme. As discussed above, Cupps discloses an online restaurant take out/delivery order system. In Cupps, there are no "producers" that distribute goods/services through "resellers". Cupps does not teach or suggest a hierarchical distribution system having producers and resellers, such as that contemplated by Applicant's invention. Instead, Cupps teaches only restaurants in a flat distribution system, which restaurants sell only what they produce. The restaurant menus cited by the Examiner list meals provided by retailers, not products offered by manufacturers and producers.

Further, the Examiner characterized the restaurants as "manufacturers" in the Office Action (Office Action at 4). This characterization is unsupported by Cupps and plainly not accepted by those skilled in the art. A restaurant is not a manufacturer under any conventional definition. It is instead a retailer, providing a service, not a good.

These untenable positions indicate that the Examiner is engaging in impermissible hindsight reconstruction of the prior art references to improperly sustain the rejection of independent claims 4, 12, 16, 21 and 47, and their respective dependant claims. Accordingly, Applicant respectfully requests reconsideration of the rejection of these claims.

Also, Applicant respectfully submits that the Examiner is using hindsight to improperly pick and choose from the teachings of the prior art to make out the 103 rejection. An Examiner cannot pick and choose from disclosures of the prior art without considering what the references teach in their entirety. *In re Fritch*, 972 F.2d 1260 (Fed Cir. 1992). As discussed above, a fair and complete reading of Scroggie indicates that it teaches away from automatic reseller selection, which is an essential feature of Applicant's invention. Moreover, modifying Scroggie to eliminate buyer selection of the reseller, as proposed by the Examiner, is contrary to the teachings of Scroggie, buyer would also destroy the intended function and purpose of Scroggie's system. Thus, to arrive at Applicant's invention using Scroggie, the Examiner has selectively picked from the teachings of Scroggie, while ignoring those portions that do not support a finding of obviousness. This type of analysis is improper. Scroggie must be read in its entirety for what it teaches. And what it teaches is contrary to what is claimed. Therefore, Applicant respectfully requests reconsideration of the rejection founded on the reference of Scroggie.